



RADFORD UNIVERSITY

REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2018

Auditor of Public Accounts
Martha S. Mavredes, CPA

www.apa.virginia.gov

(804) 225-3350



AUDIT SUMMARY

We have audited the basic financial statements of Radford University (University) as of and for the year ended June 30, 2018, and issued our report thereon, dated April 22, 2019. Our report, included in the University's Annual Report, is available at the Auditor of Public Accounts' website at www.apa.virginia.gov and at the University's website at www.radford.edu. Our audit found:

- the financial statements are presented fairly, in all material respects;
- internal control deficiencies requiring management's attention; however, we do not consider them to be material weaknesses; and
- instances of noncompliance or other matters required to be reported under Government Auditing Standards.

Our audit also included testing over the major federal program of the Student Financial Assistance Programs Cluster for the Commonwealth's Single Audit as described in the U.S. Office of Management and Budget Compliance Supplement; and found an internal control deficiency and instance of noncompliance in relation to this testing.

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INTERNAL CONTROL AND COMPLIANCE FINDINGS AND RECOMMENDATIONS

Improve Enrollment Reporting Process

Type: Internal Control and Compliance

Severity: Significant Deficiency

Repeat: No

University personnel did not report enrollment data accurately or timely to the National Student Loan Database System (NSLDS) during financial aid year 2018. After testing 37 students who graduated or withdrew from the University, we noted the following:

- three students (8%) were reported with an incorrect enrollment status;
- the effective date of the student status change for 15 students (41%) was not accurate; and
- the student status change for six students (16%) was not reported timely.

In accordance with Code of Federal Regulations 34 CFR 685.309 and further outlined in the NSLDS Enrollment Reporting Guide published by the Department of Education, unless the institution expects to submit its next student status confirmation report within 60 days, enrollment changes must be reported to NSLDS within 30 days of the change. The accuracy of Title IV enrollment data depends heavily on information reported by institutions. Untimely and inaccurate data submission to NSLDS may reduce reliance placed on the system by the Department of Education for monitoring purposes and other higher education institutions when making aid decisions. Noncompliance may also have implications on an institution's participation in Title IV programs and may impact loan repayment grace periods.

In some instances, inaccurate reported effective dates were a result of the Office of the Registrar incorrectly interpreting the relevant guidelines. Other exceptions resulted from University system batch data overriding certain NSLDS data fields during the data transmission process. The extent and cause of the data override issue is unknown at this time.

The Office of the Registrar should work with the Financial Aid Office to perform a comprehensive review of current enrollment reporting policies and procedures to improve accuracy of submissions to NSLDS. These offices should also research and resolve any inadequate data transmission processes and may consider implementing a quality control review process to monitor the accuracy of submitted enrollment batches for both program and campus level reporting.

Improve Database Security**Type:** Internal Control and Compliance**Severity:** Significant Deficiency**Repeat:** No

The University does not review and revise its documents that contain the configuration settings for a database that supports mission critical functions. As a result, the University did not implement certain minimum controls in accordance with its Information Technology Security Standard (Security Standard) and industry best practices to safeguard data and monitor database activity. We communicated the details of these weaknesses to management in a separate document marked Freedom of Information Act Exempt (FOIAE) under section 2.2-3705.2 of the Code of Virginia due to its sensitivity and description of security controls.

The University corrected several of the weaknesses communicated in the FOIAE document during the audit. However, a lack of necessary resources prevented the University from reviewing and revising its documentation for database security settings and aligning with its Security Standard and industry best practices throughout the year.

The University should allocate resources to review and revise its documentation for database security settings and align it with its Security Standard and industry best practices. Additionally, the University should configure its databases in accordance with its Security Standard, documented and approved settings, and industry best practices. Properly securing its database environment will reduce the risk to the confidentiality, integrity, and availability of sensitive and mission critical data.



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

April 22, 2019

The Honorable Ralph S. Northam
Governor of Virginia

The Honorable Thomas K. Norment, Jr.
Chairman, Joint Legislative Audit
and Review Commission

Board of Visitors
Radford University

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the business-type activities and aggregate discretely presented component unit of Radford University as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated April 22, 2019. Our report includes a reference to other auditors. We did not consider internal controls over financial reporting or test compliance with certain provisions of laws, regulations, contracts, and grant agreements for the financial statements of the component unit of the University, which were audited by other auditors in accordance with auditing standards generally accepted in the United States of America, but not in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify certain deficiencies in internal control over financial reporting entitled "Improve Enrollment Reporting Process" and "Improve Database Security," which are described in the section titled "Internal Control and Compliance Findings and Recommendations" that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the section titled "Internal Control and Compliance Findings and Recommendations" in the findings entitled "Improve Enrollment Reporting Process" and "Improve Database Security."

The University's Response to Findings

We discussed this report with management at an exit conference held on April 26, 2019. The University's response to the findings identified in our audit is described in the accompanying section titled "University Response." The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in

accordance with Government Audit Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

AUDITOR OF PUBLIC ACCOUNTS

ZLB/vks



April 29, 2019

The Auditor of Public Accounts
P.O. Box 1295
Richmond, VA 23218

Dear Ms. Mavredes:

We have reviewed the audit findings and recommendations for the year ended June 30, 2018 that were discussed during the financial statement audit exit conference.

Radford University acknowledges and concurs with the audit findings. The following contains management's response to each finding. We would like to note that immediate corrective action was taken as allowable to address issues of noncompliance, and the applicable offices are continuously reviewing their policies and procedures to ensure their operating effectiveness.

Improve Enrollment Reporting Process

As noted, some exceptions resulted from the University, along with the National Student Clearinghouse, interpreting the required effective date of graduation as either the last date of attendance or the conferral date. Due to this recommendation, the Registrar's Office has immediately begun using the conferral date for all students who are not enrolled in the term in which they graduate as standard practice.

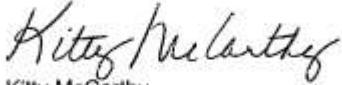
Also as noted, other exceptions resulted from batch data submissions overriding effective dates in the National Student Loan Data Systems for Students (NSLDS). The Registrar's Office, in conjunction with the Financial Aid Office, has been actively pursuing options to correct this. Staff are continuing to work diligently to further research this issue and determine the best policy and procedure to move forward in a compliant manner. The Registrar's Office is responsible for overseeing the corrective action, and the anticipated completion date is September 30, 2019.

Improve Database Security

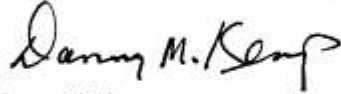
The University is dedicated to the continual improvement of the University's database management processes and the overall security program. The University agrees that a review of the database configuration settings will improve the security profile. While several settings were corrected during the audit, a project is underway to review, document, and update the database configuration settings. The Division of Information Technology will prioritize resources such that reviews will be completed and updated settings will be documented and defined by October 1, 2019. Additionally, as communicated previously in a document Freedom of Information Action Exempt under Code of Virginia § 2.2-3705.2, the Division of Information Technology will implement certain other activities by June 1, 2019.

We would like to thank you and your staff for the valuable services that you provide.

Sincerely,



Kitty McCarthy
Vice President for Enrollment Management



Danny M. Kemp
Vice President for Information Technology and Chief Information Officer



Chad A. Reed
Vice President for Finance & Administration and Chief Financial Officer

RADFORD UNIVERSITY

As of June 30, 2018

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